Testimony of Tom Swan, Executive Director, CT Citizen Action Group (CAG)
March 12, 2013
Before the Labor and Public Employees Committee
In Support of HB 6614

Good Afternoon, Representative Tercyak, Senator Osten and other members of the Labor and Public Employees Committee; my name is Tom Swan and I am testifying on behalf of over 20,000 member families of CCAG: CT Citizen Action Group. I want to applaud you for raising HB 6614. We believe it has the potential to be the most important piece of health care legislation being considered this year by the General Assembly.

To start, we want to urge you to consider substitute language that will actually enact a program instead of a study. We need to act now if we are to maximize the potential of the Affordable Care Act, which so much is being implemented over the next twelve months. We would propose the bill be changed to apply a fee to large employers (100 or more), based on the average cost of health insurance; prorated based upon the hours worked for each employee and their dependents who are in the HUSKY A, B, and D programs.

We believe this especially urgent as Health Exchange comes on line and as we face difficult budget times.

Every few years the Office of Legislative Research is asked to contact DSS to determine which employers have the largest number of employees on HUSKY A. The most recent report (2011-R-0263. July 22, 2011 – Below) found a great deal of consistency in terms of who had the largest number of workers and dependents enrolled from previous studies. They are some of the nation's and Connecticut's most profitable corporations, including Wal-Mart. Dunkin Donuts, McDonald's, Mohegan Sun, Home Depot, Burger King to name a few.

Recently, the two corporations that always top the OLR/DSS list Wal-Mart and Dunkin Donuts have been exposed as planning to cut the hours their workers work in order not be required to comply with the Affordable Care Act (articles below). This change will not only hurt these workers, it also creates an even less level playing field for small business operators who will be required to pay for their health care and cost taxpayers millions of dollars through forcing employees to enroll in programs like traditional Medicaid. Asking taxpayers to subsidize these large corporations, while also potentially eliminating health care for thousands of low income adults in our state budget, is insane and we urge you to act immediately.

With 6614 you have a vehicle to do this and we urge a JFS out of committee.

In conclusion, I want to make clear that CCAG also supports the other item on you agenda today HB 6553.

July 22, 2011 2011-R-0263

HUSKY EMPLOYERS

By: Robin K. Cohen, Principal Analyst

You asked for an update of 2009-R-0217, which reported the top 25 employers of people who receive, or whose kids receive, HUSKY A (Medicaid) benefits.

Table 1 lists the top 25 individual employers whose employees' children, and in some case the employees, were receiving HUSKY A as of May 24, 2011. It also compares the total enrollments with those reported in February 2005 and 2009. (DSS reports that local boards of education, the self-employed, housekeepers, and day laborers, in the aggregate, have total enrollments that would fall in the Top 25. For purposes of this report, we look only at individual employers.)

The number of child recipients may be overstated as some may be counted twice. That is because a child conceivably could be living in a two-parent household in which one caretaker is receiving HUSKY A and the other is not.

Table 1: Adults and Children Covered by HUSKY A and Top 25 Individual Employers as of May 24, 2011

Employer	***Child Recipients Whose Parents Do Not Receive HUSKY A***	***Caretaker Recipients Receiving HUSKY A [1]***	***Caretaker HUSKY A Recipients' Children***	***May 2011 Total Recipients***	***April 2009 Total Recipients***	***2005 Total Recipients [2]***	***% Change 2005-2011***
Walmart	439	1,189	2,026	3,654	3,741	2,232	63.7
Dunkin Donuts	420	1,103	1,663	3,186	3,153	1,438	121.6
Stop and Shop	414	940	1,474	2,828	2,372	1,996	41.7
McDonald's	628	519	784	1,931	1,915	1,290	49.7
First Student (transit co.)	86	623	1,236	1,945	1,471	565	244.2
Mohegan Sun Casino	204	359	626	1,189	843	762	56.0
Companions and Homemakers	107	375	619	1,101	892	419	162.8
Home Depot	105	303	527	935	696	571	63.7
Care 4 Kids	128	286	484	898	1,021	457	96.5
Burger King	173	239	362	774	725	632	22.5
Macy's	86	247	426	759	626	487	55.9
CVS	98	263	396	757	732	579	30.7

Foxwoods Casino	133	207	374	714	572	501	42.5
Shop Rite [3]	64	240	375	679	Not in Top 25	Not in Top 25	NA
Walgreen's	101	223	329	653	568	306	113.3
Family Care Visiting Nurse	89	201	354	644	Not in Top 25	377	70.8
Hartford Hospital	101	172	350	623	483	401	55.4
Subway	127	199	290	616	679	341	80.6
Friendly's	78	212	319	609	Not in Top 25	422	44.3
State of Connecticut	137	155	291	583	Not in Top 25	Not in Top 25	NA
Kohl's	76	185	290	551	577	Not in Top 25	(4.5) since 2009
Monroe Staffing	77	171	301	549	Not in Top 25	Not in Top 25	NA
JC Penney	60	182	302	544	Not in Top 25	Not in Top 25	NA
Almost Family	74	167	297	538	Not in Top 25	Not in Top 25	NA
Bank of America [4]	73	169	285	527	550	498	(5.5)

Source: DSS; OLR reports 2005-R-0281, 2009-R-0217

[1] The income limit for adult caretaker relatives in the HUSKY A program increased from 150% to 185% of the federal poverty level in 2007.

[2] In 2005, OLR did not have exact child recipient numbers. It used a multiplier of 1.37 children per adult to arrive at an approximate number of child enrollees. The multiplier was based on the average size of a HUSKY A "assistance unit" or family receiving HUSKY A coverage in February 2005.

[3] Shop Rite took over several Shaws supermarkets in 2010. Shaws was in the Top 25 in 2005 and 2009. In 2005, it had 754 employees and their children enrolled in HUSKY A.

[4] In 2005, Bank of America was Fleet Bank in Connecticut.

RC:ts

Huffington Post

Walmart's New Health Care Policy Shifts Burden To Medicaid, Obamacare

http://www.huffingtonpost.com/2012/12/01/walmart-health-care-policy-medicaid-obamacare_n_2220152.html

Alice Hines

12/01/2012 10:14 am EST

Walmart, the nation's largest private employer, plans to begin denying health insurance to newly hired employees who work fewer than 30 hours a week, according to a copy of the company's policy obtained by The Huffington Post.

Under the policy, slated to take effect in January, Walmart also reserves the right to eliminate health care coverage for certain workers if their average workweek dips below 30 hours -- something that happens with regularity and at the direction of company managers.

Walmart declined to disclose how many of its roughly 1.4 million U.S. workers are vulnerable to losing medical insurance under its new policy. In an emailed statement, company spokesman David Tovar said Walmart had "made a business decision" not to respond to questions from The Huffington Post and accused the publication of unfair coverage.

Labor and health care experts portrayed Walmart's decision to exclude workers from its medical plans as an attempt to limit costs while taking advantage of the national health care reform known as Obamacare. Among the key features of Obamacare is an expansion of Medicaid, the taxpayer-financed health insurance program for poor people. Many of the Walmart workers who might be dropped from the company's health care plans earn so little that they would qualify for the expanded Medicaid program, these experts said.

"Walmart is effectively shifting the costs of paying for its employees onto the federal government with this new plan, which is one of the problems with the way the law is structured," said Ken Jacobs, chairman of the Labor Research Center at the University of California, Berkeley.

For Walmart, this latest policy represents a step back in time. Almost seven years ago, as Walmart confronted public criticism that its employees couldn't afford its benefits, the company announced with much fanfare that it would expand health coverage for part-time workers.

But last year, the company eliminated coverage for some part-time workers -- those new hires working 24 hours a week or less. Now, Walmart is going further.

Have you worked at Walmart? The Huffington Post wants to know about your experience. Send us an email here.

“Walmart likely thought it didn’t need to offer this part-time coverage anymore with Obamacare,” said Nelson Lichtenstein, director of the Center for the Study of Work, Labor and Democracy at the University of California, Santa Barbara. “This is another example of a tremendous government subsidy to Walmart via its workers.”

In pursuing lower health care costs, Walmart is following the same course as many other large employers. But given its unrivaled scale, Walmart’s policies tend to influence American working conditions more broadly. Tom Billet, a senior consultant at Towers Watson, a professional services firm that works with large companies to develop benefit plans, said other companies are also crafting policies that will exclude some part-time workers from medical coverage.

Billet portrayed the growing corporate interest in separating out part-time workers as a reaction to another aspect of Obamacare -- the new rules that require companies with at least 50 full-time workers to offer health coverage to all employees who work 30 or more hours a week or pay penalties.

Several employers in recent months, including Darden Restaurants, owner of Olive Garden and Red Lobster, and a New York-area Applebee’s franchise owner, said they are considering cutting employee hours to push more workers below the 30-hour threshold.

“In the past, firms were less careful about monitoring whether someone was full- or part-time,” Billet said, noting that some of his clients were planning to track workers’ hours more carefully. “I expect health plans like Walmart’s won’t be uncommon as firms adjust to this law.”

For Walmart employees, the new system raises the risk that they could lose their health coverage in large part because they have little control over their schedules. Walmart uses an advanced scheduling system to constantly alter workers’ shifts according to store traffic and sales figures.

The company has said the scheduling system improves flexibility and efficiency. But in recent interviews with The Huffington Post, several workers described their oft-changing schedules as a source of fear that they might earn too little to pay their bills. Many said they have begged managers to assign them additional hours only to see their shifts cut further as new workers were hired.

The new plan detailed in the 2013 "Associate’s Benefits Book" adds another element to that fear: the risk of losing health coverage. According to the plan, part-time workers hired in or after 2011 are now subject to an “Annual Benefits Eligibility Check” each August, during which managers will review the average number of hours per week that workers have logged over the past year.

If part-time workers hired after Feb. 1, 2012, fail to reach the 30-hour threshold, they will lose benefits the following January, according to the book. Part-time workers hired after Jan. 15, 2011, but before Feb. 1, 2012, must work at least 24 hours a week to retain coverage and will also be subject to an eligibility check each year. Those hired before 2011 aren’t subject to the minimum hours requirements or eligibility checks.

As for full-time workers under the plan, those who lose hours and slip to part-time at any point during the year will see their spouses' health coverage dropped immediately. Those workers will also lose their dental and life insurance policies in the following pay period, according to the plan.

Some Walmart workers who are excluded from the company's health care plans are likely to become eligible for Medicaid under the Obamacare expansion, which aims to replace a patchwork of standards now set by individual states with one minimum federal threshold -- income below 133 percent of the federal poverty line, which for an individual currently comes to $14,856. However, the Supreme Court ruled earlier this year that the decision to expand the program is voluntary for the states. At least eight states, including Texas, have said they will not expand the program, which would leave Walmart workers there with one less option.

Part-time workers who lose their Walmart insurance but earn too much to qualify for Medicaid should be able to buy insurance through the health care exchanges to be established under Obamacare -- essentially, online marketplaces offering an array of health care plans.

For workers who do qualify for health coverage under Walmart's new policy, the latest package represents an upgrade over previous plans. Walmart's health plans began covering 100 percent of spine and heart surgeries this year at select hospitals and medical centers. They also include a smattering of preventative care services required by Obamacare.

But the company's plans still leave many workers facing significant financial distress in the event of major illness. Under the new policy, one major offering, the so-called Health Reimbursement Account Plan, costs nonsmoking workers $34.80 a month -- a seemingly affordable sum. Yet it comes with an annual deductible of $2,750, a hefty expense given that half of Walmart's hourly workforce earns no more than $10 an hour.

While a shifting of Walmart employees to Medicaid rolls may increase the burden on American taxpayers, it is likely to be a better deal for the workers themselves.

"The packages Walmart is providing for low-income people aren't offering very much coverage except for catastrophes," said Linda Blumberg, a senior fellow at the Urban Institute, a left-leaning think tank. "It's likely they'll be better off going with a government-sponsored plan."

Huffington Post

Dunkin' Brands Lobbying Against Key Obamacare Provision: Report

Bonnie Kavoussi

02/19/2013 12:44 pm EST

An iconic American brand has come out against a key Obamacare provision requiring some companies to expand their health insurance coverage.

Dunkin' Brands is lobbying the government to change their definition of full-time work from at least 30 hours per week to 40 or more hours per week, their CEO Nigel Travis has told the Financial Times. Successfully doing so would mean Dunkin' and other companies would have fewer workers to insure under President Barack Obama's health care reform law, which mandates that big employers give health care coverage to all full-time employees and their dependents, or face a penalty.

Dunkin' Brands did not respond immediately to a phone call requesting comment.

In response to the Obamacare mandate, which applies to all employers with at least 50 full-time workers, numerous firms have said they would cut their employee hours to avoid paying for their health care coverage. A majority of companies expect their health care costs to rise because of Obamacare and plan to shift health care costs to employees in response, according to a survey last year by Mercer.

A Wendy's franchisee in Omaha, Neb. has said he will reduce all non-management employees' hours to 28 hours per week to sidestep Obamacare, WOWT NBC reported in January. A Taco Bell franchise in Guthrie, Okla., cut its employees' hours to 28 hours or less per week to skirt Obamacare, News 9 reported in January. And a Denny's restaurant owner in West Palm Beach, Fla., plans to reduce employees' hours in response to Obamacare, The Huffington Post reported in November.

In response to Obamacare, Darden Restaurants, the parent company of Olive Garden and Red Lobster, tested making some workers part-time last year, according to the Associated Press. After the move garnered bad publicity, the chain decided not to make full-time workers part-time, but has not ruled out a broader shift toward part-time work, according to the AP.

Forbes

Walmart Bails On Obamacare-Sticks Taxpayers With Employee Healthcare Costs

http://www.forbes.com/sites/rickungar/2012/12/09/walmart-bails-on-obamacare-sticks-taxpayers-with-employee-healthcare-costs/

Rick Ungar

12/09/2012 @ 4:43PM

After making a big deal of publicly supporting the Affordable Care Act, Walmart—the nation's largest private sector employer—is joining the ranks of companies seeking to avoid their obligation to provide employees with health insurance as required by Obamacare.

It was not all that many years ago that Walmart announced, in response to harsh criticism over the low pay provided to Walmart 'associates', that the company would provide a healthcare benefit to its part-time, low earning employees. The uncharacteristically generous nod to worker needs was short lived as the company partially pulled back on the commitment in 2011, citing premium rate increases that Walmart deemed beyond their capacity to pay.

Now, Huffington Post is reporting that the party is over for many more existing Walmart employees, along with all employees hired after February 1, 2012 that the company can classify as "part-time."

According to the 2013 Walmart "Associate's Benefit Book"— the manual for low-level Walmart employees—part-time workers who got their jobs during or after 2011 will now be subject to an "Annual Benefits Eligibility Check" each August.

Employees hired after Feb. 1, 2012, who fail to average the magic 30-hours per week requiring a company to provide a healthcare benefit, will lose their healthcare benefits on the following January. Part-time workers hired after Jan. 15, 2011, but before Feb. 1, 2012, will be able to hang onto their Walmart health care benefit if they work at least 24 hours a week.

Anyone hired before 2011 will not be cut off from the company provided health insurance.

Of course, Walmart carefully controls employee work schedules and will have the opportunity to design worker hours in a manner that will keep employees at a level below the threshold required to accomplish company healthcare benefits pursuant to the law.

While there have been increasing reports of American employers reacting to the requirements of the Affordable Care Act by making plans to cut employee work hours so that these companies may deny health insurance as a benefit of employment—particularly in the restaurant and fast food industries—it appears that Walmart has been planning this move all along.

How else can you explain why, as early as 2009, Walmart surprised us all when they publicly expressed their support for Obamacare by joining with such unlikely partners as the Center For American Progress and the SEIU labor union to promote the passage of the Affordable Care Act—only to now use the law as a tool for ridding itself of the obligation to provide a healthcare benefit for many of its associates?

In a letter to President Obama, dated June 30, 2009, Walmart wrote, "We are for shared responsibility. Not every business can make the same contribution, but everyone must make some contribution. We are for an employer mandate which is fair and broad in its coverage, but any alternative to an employer mandate should not create barriers to hiring entry-level employees. We look forward to working with the Administration and Congress to develop a requirement that is both sensible and equitable."

Apparently, Walmart's idea of 'shared responsibility' is to allow the American taxpayer to pick up the tab for Walmart's low-paid workers when these folks avail themselves of Medicaid coverage while Walmart hangs on to all the money they save by blowing off their responsibility to provide health care to these workers.

Clearly, Walmart's support for Obamacare was predicated on their understanding (all too well) that the provisions of the law requiring employers with more than 50 workers to provide employee health care benefits to full time workers could be easily avoided by their business model, while the expansion of the Medicaid program to include uninsured Americans earning below 133 percent of the poverty line would create a perfect opportunity for the giant retailer to foist their obligations onto the backs of the American taxpayer.

Walmart saves a bundle, courtesy of the American taxpayer—all of which drops directly to Walmart's already sizable bottom line and we pick up the tab.

Nice.

There were a few who saw this coming—most notably progressive blogger Marcy Wheeler who wrote on her emptywheel.net blog on September 11, 2009;

"In other words, the one way–just about the only way–a large employer can dodge responsibility for paying something for its employees is if its employees happen to qualify for Medicaid. Under MaxTax, Medicaid eligibility will be determined by one thing: whether a person makes less than 133% of the poverty rate. And who has the most control over how much a particular person makes? Their employer!

So if Wal-Mart wanted to avoid paying anything for its employees under MaxTax, it could simply make sure that none of them made more than $14,403 a year (they'd have to do this by ensuring their employees worked fewer than 40 hours a week, since this works out to be slightly less than minimum wage). Or, a single mom with two kids could make $24,352–a whopping $11.71 an hour, working full time. That's more than the average Wal-Mart employee made last year. So long as Wal-Mart made sure its employees applied for Medicaid (something it already does in states where its employees are eligible), it would pay nothing. Nada, zip. Nothing."

You have to hand it to Ms. Wheeler who had this nailed from the start.

As Nelson Lichtenstein, director of the Center for the Study of Work, Labor and Democracy at the University of California, Santa Barbara notes, "This is another example of a tremendous government subsidy to Walmart via its workers."

While Walmart was very clever in appearing to be responsible corporate citizens while really backing a law that would allow the American people to subsidize their already enormous profits, what nobody contemplated back in 2009 was the ruling of the United States Supreme Court that limits the Medicaid expansion to only those states electing to participate.

As a result, Walmart employees who will either lose their health care coverage or never qualify in the first place—thanks to the company's messing with their work schedules—and live in states that have decided to reject the Medicaid expansion, will find themselves without any help whatsoever when it comes to accessing health care for their families.

So, the next time you drive over to the local Walmart to take advantage of their "guaranteed low prices"—or instruct your broker to pick up a few shares of the world's largest retailer—you might give some thought to what is making it possible for you to take advantage of all the great prices or make a few bucks as the company's stock rises.

The bargains over on aisle 3 will be yours for the taking thanks to workers all over America who will be unable to provide decent healthcare to their families or will do so only as a result of your taxpayer dollars.

And if you are not a Walmart shopper?

No worries. You and I will still be granted the great privilege of subsidizing Walmart's billions in profits—$15.7 billion in profits last year alone—as we pick up the tab for those employees who are lucky enough to qualify for Medicaid or actually buy a policy on the healthcare exchange thanks to the government subsidies.

Apparently, it remains our civic obligation to see to it that profits pour in for the Walton heirs who continue to control Walmart—heirs whose combined wealth exceeds the total wealth of the bottom 40 percent of Americans.

As for Walmart's support for Obamacare?

I suppose we should have read the fine print as Walmart's concept of 'shared responsibility' clearly leaves a little something to be desired.